



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 02-11

DATE: OCT 21 2002

SUBJECT: Reduction of the Invoice Rate
for the 2002 Variable Charges

FROM: Tom Glancy
DEPUTY DIRECTOR, DEPARTMENT OF WATER RESOURCES

This notice is to inform the State Water Contractors of the reduction in the Invoice Rate for the 2002 variable charges.

The 2002 Transportation variable charges were estimated based on the net power costs of 40.51 mills per kilowatt-hour. In early 2002, the Department of Water Resources developed the invoice rate of 24.00 mills per kilowatt-hour to reflect changes in the power markets and hydrology available for deliveries. This rate was to be applied to all SWP deliveries made in 2002.

The Department has been monitoring the invoice rate throughout the year, with special attention given to hydrology, SWC deliveries and power market conditions. The current estimate of the 2002 invoice rate is 20.5 mills per kilowatt-hour. This rate is based on actual power expenditures through August and estimated for the remainder of the year.

The Department is lowering the invoice rate from 24.00 to 20.5 mills per kilowatt-hour. Individual plant rates will be adjusted to reflect such reduction. Contractors will be invoiced the lower rate for deliveries made in September and the remainder of 2002.

The Department will continue to monitor the 2002 invoice rate and will revise it, if significant fluctuations occur.

If you have any questions regarding this matter, please contact Dan Flory, Chief of the State Water Project Analysis Office, at (916) 653-4313.